

Debtor Name LTL Management LLC  
United States Bankruptcy Court for the District of New Jersey  
Case number: 23-12825 (MBK)

Official Form 426

**Periodic Report Regarding Value, Operations, and Profitability of Entities  
in Which the Debtor's Estate Holds a Substantial or Controlling Interest**

12/17

This is the *Periodic Report* as of April 2, 2023, on the value, operations, and profitability of those entities in which Debtor holds, or two or more Debtors collectively hold, a substantial or controlling interest (a “Controlled Non-Debtor Entity”), as required by Bankruptcy Rule 2015.3. For purposes of this form, “Debtor” shall include the estate of such Debtor.

LTL Management LLC holds a substantial or controlling interest in the following entities:

Name of Controlled Non-Debtor Entity	Interest of the Debtor	Tab #
Royalty A&M LLC (“Royalty A&M”)	100%	

This *Periodic Report* contains separate reports (*Entity Reports*) on the value, operations, and profitability of each Controlled Non-Debtor Entity.

Each *Entity Report* consists of five exhibits.

*Exhibit A* contains the most recently available: balance sheet, statement of income (*loss*), statement of cash flows, and a statement of changes in shareholders’ or partners’ equity (*deficit*) for the period covered by the *Entity Report*, along with summarized footnotes.

*Exhibit B* describes the Controlled Non-Debtor Entity’s business operations.

*Exhibit C* describes claims between the Controlled Non-Debtor Entity and any other Controlled Non-Debtor Entity.

*Exhibit D* describes how federal, state or local taxes, and any tax attributes, refunds, or other benefits, have been allocated between or among the Controlled Non-Debtor Entity and any Debtor or any other Controlled Non-Debtor Entity and includes a copy of each tax sharing or tax allocation agreement to which the Controlled Non-Debtor Entity is a party with any other Controlled Non-Debtor Entity.

*Exhibit E* describes any payment, by the Controlled Non-Debtor Entity, of any claims, administrative expenses or professional fees that have been or could be asserted against any Debtor, or the incurrence of any obligation to make such payments, together with the reason for the entity’s payment thereof or incurrence of any obligation with respect thereto.

**This Periodic Report must be signed by a representative of the trustee or debtor in possession.**

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The undersigned, having reviewed the *Entity Reports* for each Controlled Non-Debtor Entity, and being familiar with the Debtor's financial affairs, verifies under the penalty of perjury that to the best of his or her knowledge, (i) this *Periodic Report* and the attached *Entity Reports* are complete, accurate, and truthful to the best of his or her knowledge, and (ii) the Debtor did not cause the creation of any entity with actual deliberate intent to evade the requirements of Bankruptcy Rule 2015.3

For non-individual  
Debtors:

/s/ Richard Dickinson

Signature of Authorized Individual

**Richard Dickinson**

Printed name of Authorized Individual

Date 05 / 04 / 2023  
MM / DD / YYYY

For individual Debtors:

Signature of Debtor 1

Signature of Debtor 2

Printed name of Debtor 1

Printed name of Debtor 2

Date MM / DD / YYYY

Date MM / DD / YYYY



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**Exhibit A: Financial Statements for Royalty A&M**

The financial statements for Royalty A&M in this Exhibit A are unaudited. The financial statements do not conform to the requirements for the presentation of financial statements of the United States' generally accepted accounting principles ("GAAP") and do not include all of the information and disclosures required by GAAP.

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**Exhibit A-1: Balance Sheet for Royalty A&M as of January 1, 2023**

**Balance Sheet for Royalty A&M as of January 1, 2023**

<b>Royalty A&amp;M LLC</b>		
<b>Balance Sheet as of January 1, 2023</b>		
<i>(Dollars in Millions)</i>		
<b>Assets</b>		<u>January 1, 2023</u>
Current Assets		
Cash	\$	39.25
Other Receivable – Royalties <sup>1</sup>		19.83
Total Current Assets		59.09
Intangible Assets, Net of Amortization		339.69
<b>Total Assets</b>	<b>\$</b>	<b>398.78</b>
<b>Liabilities &amp; Shareholders Equity</b>		
Due to LTL Mgmt. <sup>2</sup>		0.02
Due to Affiliate <sup>3</sup>		0.00
Accrued Taxes		-
<b>Total Liabilities</b>	<b>\$</b>	<b>0.02</b>
Shareholders Equity		
Paid in Capital		367.13
Retained Earnings		31.63
<b>Total Shareholders Equity</b>	<b>\$</b>	<b>398.76</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>\$</b>	<b>398.78</b>

<sup>1</sup> Amount includes actual and projected royalty income amounts subject to reconciliation against actual sales amounts, net of obligations of Royalty A&M under its services agreements with Debtor LTL Management LLC and Johnson & Johnson Services, Inc. (such obligations are netted for reporting purposes only in this line item and are also reflected in line items Due to LTL Mgmt. and Due to Affiliate). Royalty income received by Royalty A&M is reflected in Cash.

<sup>2</sup> Amount due to Debtor LTL Management LLC pursuant to a services agreement under which the Debtor provides Royalty A&M ongoing access to and support from the Debtor's chief executive officer and chief financial officer (in their capacities as officers of Royalty A&M).

<sup>3</sup> Amount due to Johnson & Johnson Services, Inc. pursuant to a services agreement.

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**Exhibit A-1: Balance Sheet for Royalty A&M as of April 2, 2023**

**Balance Sheet for Royalty A&M as of April 2, 2023**

<b>Royalty A&amp;M LLC</b>		
<b>Balance Sheet as of April 2, 2023</b>		
<i>(Dollars in Millions)</i>		
<b>Assets</b>		<u>April 2, 2023</u>
Current Assets		
Cash	\$	40.08
Other Receivable – Royalties <sup>4</sup>		35.28
Total Current Assets		75.36
Intangible Assets, Net of Amortization		331.51
<b>Total Assets</b>	<b>\$</b>	<b>406.86</b>
<b>Liabilities &amp; Shareholders Equity</b>		
Due to LTL Mgmt. <sup>5</sup>		0.02
Due to Affiliate <sup>6</sup>		0.00
Accrued Taxes		-
<b>Total Liabilities</b>	<b>\$</b>	<b>0.03</b>
Shareholders Equity		
Paid in Capital		367.13
Retained Earnings		39.71
<b>Total Shareholders Equity</b>	<b>\$</b>	<b>406.84</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>\$</b>	<b>406.86</b>

<sup>4</sup> Amount includes actual and projected royalty income amounts subject to reconciliation against actual sales amounts, net of obligations of Royalty A&M under its services agreements with Debtor LTL Management LLC and Johnson & Johnson Services, Inc. (such obligations are netted for reporting purposes only in this line item and are also reflected in line items Due to LTL Mgmt. and Due to Affiliate). Royalty income received by Royalty A&M is reflected in Cash.

<sup>5</sup> Amount due to Debtor LTL Management LLC pursuant to a services agreement under which the Debtor provides Royalty A&M ongoing access to and support from the Debtor's chief executive officer and chief financial officer (in their capacities as officers of Royalty A&M).

<sup>6</sup> Amount due to Johnson & Johnson Services, Inc. pursuant to a services agreement.

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**Exhibit A-2: Statement of Income (*Loss*) for Royalty A&M for period ending January 1, 2023**

**Statement of Income (*Loss*) for Royalty A&M**  
**January 2, 2022 – January 1, 2023**  
*(Dollars in Millions)*

	<u>January 2, 2022 -</u> <u>January 1, 2023</u>
Royalty Income <sup>7</sup>	\$ 75.90
Financial Services	0.06
General & Administrative	1.04
Intangibles Amortization	43.38
<b>Income Before Provision for Taxes</b>	<b>26.42</b>
Provision for Taxes on Income	0.00
<b>Net Income</b>	<b>\$ 26.42</b>

<sup>7</sup> Amount includes actual and projected royalty income amounts, which are subject to change based on the applicable sales. Royalty income received by Royalty A&M is reflected in Cash.

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**Exhibit A-2: Statement of Income (*Loss*) for Royalty A&M for period ending April 2, 2023**

**Statement of Income (*Loss*) for Royalty A&M**  
**January 2, 2023 – April 2, 2023**  
*(Dollars in Millions)*

	<u>January 2, 2023 -</u> <u>April 2, 2023</u>
Royalty Income <sup>8</sup>	\$ 16.32
Financial Services	0.00
General & Administrative	0.06
Intangibles Amortization	8.18
<b>Income Before Provision for Taxes</b>	<b>8.08</b>
Provision for Taxes on Income	0.00
<b>Net Income</b>	<b>\$ 8.08</b>

<sup>8</sup> Amount includes actual and projected royalty income amounts, which are subject to change based on the applicable sales. Royalty income received by Royalty A&M is reflected in Cash.

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**Exhibit A-3: Statement of Cash Flows for Royalty A&M for period ending January 1, 2023**

**Statement of Cash Flows for Royalty A&M**  
**January 2, 2022 – January 1, 2023**

Royalty A&M LLC		
Statement of Cash Flow		
(Dollars in Millions)		
		<u>January 2, 2022 – January 1, 2023</u>
<b>Cash Flow From Operating Activity</b>		
Net Income		\$ 26.42
<b>Changes in Assets &amp; Liabilities</b>		
Increase in Other Receivable – Royalties <sup>9</sup>		(0.60)
Increase in Other Miscellaneous Receivable		(0.00)
Increase in Royalties Due from Affiliate		(5.31)
Decrease in Intangible Assets <sup>10</sup>		18.85
Decrease in Accrued Liabilities		(0.10)
Net Cash Flows From Operating Activities		39.25
Cash at January 2, 2022		0.00
<b>Cash at January 1, 2023</b>		<b>\$ 39.25</b>

<sup>9</sup> See footnote 1 on the Balance Sheet with respect to Other Receivable – Royalties line item above.

<sup>10</sup> Increase in Intangible Assets is net of the change in accumulated amortization.

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**Exhibit A-3: Statement of Cash Flows for Royalty A&M for period ending April 2, 2023**

**Statement of Cash Flows for Royalty A&M  
January 2, 2023 – April 2, 2023**

Royalty A&M LLC		
Statement of Cash Flow (Dollars in Millions)		
January 2, 2023 – April 2, 2023		
<b>Cash Flow From Operating Activity</b>		
Net Income	\$	8.08
<b>Changes in Assets &amp; Liabilities</b>		
Increase in Other Receivable – Royalties <sup>11</sup>		(0.02)
Decrease in Other Miscellaneous Receivable		0.00
Increase in Royalties due from Affiliate		(15.42)
Increase in Intangible Assets <sup>12</sup>		8.18
Increase in Accrued Liabilities		0.00
Net Cash Flows From Operating Activities		0.83
Cash at January 1, 2023		39.25
<b>Cash at April 2, 2023</b>	<b>\$</b>	<b>40.08</b>

<sup>11</sup> See footnote 1 on the Balance Sheet with respect to Other Receivable – Royalties line item above.

<sup>12</sup> Increase in Intangible Assets is net of the change in accumulated amortization.

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**Exhibit A-4: Statement of Changes in Shareholders'/Partners' Equity (*Deficit*) for Royalty A&M for period ending January 1, 2023**

**Statement of Changes in Shareholders'/Partners' Equity (Deficit) for Royalty A&M**  
**January 2, 2022 – January 1, 2023**

Royalty A&M LLC			
Statement of Equity (Dollars in Millions)			
	Total	Retained Earnings	Paid in Capital
Balance January 2, 2022	372.34	5.21	367.13
Net Income	26.42	26.42	-
Balance January 1, 2023	398.76	31.63	367.13

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**Exhibit A-4: Statement of Changes in Shareholders'/Partners' Equity (Deficit) for Royalty A&M for period ending April 2, 2023**

**Statement of Changes in Shareholders'/Partners' Equity (Deficit) for Royalty A&M**  
**January 2, 2023 – April 2, 2023**

Royalty A&M LLC			
Statement of Equity (Dollars in Millions)			
	Total	Retained Earnings	Paid in Capital
Balance January 1, 2023	398.76	31.63	367.13
Net Income	8.08	8.08	-
Balance April 2, 2023	406.84	39.71	367.13

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**Exhibit B: Description of Operations for Royalty A&M**

Royalty A&M is a wholly owned subsidiary of the Debtor. As further described in the *Declaration of John K. Kim in Support of First Day Pleadings* (Dkt. 4), Royalty A&M owns a portfolio of royalty revenue streams, including royalty revenue streams based on third-party sales of CLOROX®, ECOLAB®, ESSITY®, LACTAID®, MYLANTA® / MYLICON®, ROGAINE®, SPARTAN® and TENA® products. Royalty A&M has been reviewing royalty monetization opportunities in the healthcare industry and seeks to grow its business by financing and/or reinvesting the income from the existing royalty revenue streams into both the acquisition of additional external royalty revenue streams as well as financings to third parties secured by similar royalty streams.

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**Exhibit C: Description of Intercompany Claims**

As described above, Royalty A&M is the only non-debtor entity owned or controlled by the Debtor. As such, there are no claims between Royalty A&M and any other controlled non-debtor entity.

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**Exhibit D: Allocation of Tax Liabilities and Assets**

Royalty A&M and the Debtor are treated as divisions of Johnson & Johnson Holdco (NA) Inc. ("Holdco") for federal and state tax purposes. As a result, all tax items of Royalty A&M and the Debtor are included in calculating the separate return liability of Holdco. Royalty A&M and the Debtor will not calculate separate return liability or be allocated any tax items.

Royalty A&M and the Debtor are not parties to any written tax sharing or tax allocation agreement with Holdco nor any other Johnson and Johnson affiliate.

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**Exhibit E: Description of Controlled Non-Debtor Entity's payments of Administrative Expenses, or Professional Fees otherwise payable by a Debtor**

No payments otherwise payable by the Debtor have been paid by Royalty A&M.